

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 OIC-02 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 GSA-02 INT-05 AF-06 ARA-10 EA-10

NEA-10 TAR-01 L-03 H-02 DODE-00 PA-02 PRS-01 /157 W

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R 271127Z MAY 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 3220

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY LONDON

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UNCLAS GENEVA 3884

E.O. 11652: N/A

TAGS: EMIN UNCTAD

SUBJECT: TIN CONFERENCE PROGRESS REPORT

REF: GENEVA 3710

SUMMARY: DURING FIRST WEEK, FIFTH INTERNATIONAL
TIN AGREEMENT CONFERENCE COMPLETED ITS ORGANIZATIONAL
STRUCTURE WITH ESTABLISHMENT KEY COMMITTEES TO REVIEW
EACH PARAGRAPH OF DRAFT AGREEMENT. BUFFER STOCK
MANAGER SUSPENSION CASE CAUSED FRICTION BETWEEN PRO-
DUCERS AND CONSUMERS WHICH SEEMED TO BE AGGRAVATED BY
FLOOR EFFORT OF DEVELOPING COUNTRIES TO WRITE INTO
TEXT AGREEMENT VARIOUS SPECIAL INTEREST PROVISION. END SUMMARY

1. COMPROMISE ELECTION PIERRE LEGOUX (FRANCE) AS
CONFERENCE CHAIRMAN (REFTEL 3710), FACILITATED COMPLETION
ORGANIZATIONAL STRUCTURE AND BY CLOSE FIRST WEEK INITIAL
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DISCUSSION SUBSTANTIVE ISSUES WAS UNDERWAY WITH CONCURRENT

MEETINGS OF ECONOMIC COMMITTEE (CHAIRER BY TENGKU TAN SRI NGAH OF MALAYSIA) AND ADMINISTRATIVE COMMITTEE (CHAIRER BY POLICHEV OF USSR), EACH OF WHICH IS CHARGED WITH RESPONSIBILITY NEGOTIATE SEPARATE SECTIONS OF DRAFT TIN AGREEMENT, ARTICLE 1, 9, 14, 20 AND 24 WHILE ADMINISTRATIVE COMMITTEE REVIEWED ARTICLE 2, 3 THROUGH 6, 7-8, 10-12, 13-19. PROCEDURE IN BOTH COMMITTEES WAS TO PROVISIONALLY ACCEPT THOSE PARAGRAPHS ON WHICH NO DISCUSSION OR CONTROVERSY DEVELOPED OR IF SO, TO ENTERTAIN AMENDMENTS OR REVISIONS FOR SUBSEQUENT FLOOR CONSIDERATION.

2. AS DISCUSSIONS PROCEEDED, EVIDENCE UNFLOODED OF DISTINCTIONS IN INTERESTS OF DEVELOPING COUNTRY PRODUCERS AND DEVELOPED COUNTRY CONSUMERS. FORMER, LED BY INDONESIA AND MALAYSIA WITH STRONG BOLOVIAN SUPPORT, PROPOSED NUMBER OF AMENDMENTS IN PREAMBLE AND ARTIVLE 1 (OBJECTIVES) AIMED AT SPECIAL REGOGNITION FOR DEVELOPING COUNTRY PRODUCERS WHICH CAUSED AUSTRALIA (AS DEVELOPED PRODUCER) SUPPORTED BY CANADA TO RAISE STRONG OBJECTIONS INTRODUCTION SUCH DESIGNATIONS IN TEXT AGREEMENT. RUMANIA SPARKED ADDITIONAL DISCUSSION AROUND ITS PROPOSED AMENDMENT DIFFERENTIATING AGREEMENT OBJECTIVES AS BETWEEN DEVELOPED AND DEVELOPING CONSUMERS, TO WHICH NUMBER OF COUNTRIES INCLUDING U.S. OBJECTED. INCREASING POLARIZATION BETWEEN PRODUCER/ CONSUMER INTERESTS BECAME MORE EVIDENT IN DISCUSSIONS IN ARTICLE 14 (VOTING RIGHTS) AND ESPECIALLY ARTICLES 20-21 RE: BUFFER STOCK. SIMPLE VOTING MAJORITY IN COUNCIL WAS ADVOCATED BY INDONESIA WITH DEVELOPING PRODUCER SUPPORT WHILE WIMPLE DISTRIBUTED MAJORITY FAVORED BY MOST CONSUMERS. CONSUMERS AND PRODUCERS HOWEVER WERE SPLIT ON WHETHER ABSTENTIONS SHOULD COUNT AS VOTES CAST. FRG AND US FAVORED, FOR EXAMPLE, WHILE UK OPPOSED AND RUMANIA RESERVED.

3. IN ARTICLE 20-21 RE: BUFFER STOCK, US SUCCESSFULLY OBTAINED POSTPONEMENT ECONOMIC COMMITTEE CONSIDERATIONS ON BASIS THESE KEY ISSUES AND DISCUSSIONS WERE BEST DELAYED UNTIL OTHER LESS DIFFICULT DRAFT ARTICLES UNCLASSIFIED

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RECEIVED FIRST READING. US STRATEGY HERE WAS TO AVOID EVEN INITIAL COMMITTEE REVIEW UNTIL CONSUMER CAUCUS (TENTATIVELY SCHEDULED MAY 28) WOULD ENABLE US SOUND OUT CONSUMER FEELINGS.

4. ECONOMIC COMMITTEE (AND INFORMAL) DISCUSSION THUS FAR REVEAL PRODUCER SUPPORT FOR DOUBLING BUFFER STOCK TO 40,000 TONS WITH COMPULSORY CONSUMER CONTRIBUTION

(INDONESIAN PROPOSAL) WHEREAS CONSUMERS APPEAR FLEXIBLE ON INCREASED BUFFER STOCK THOUGH DIVIDED ON COMPULSORY FINANCING. FRANCE AND HOLLAND FAVOR BOTH AND CANADA "WILLING TO CONSIDER" BUT JAPAN ALREADY HAS DECLARED A STATUS QUO POSITION WITH NO INCREASE IN BUFFER STOCK AND NO COMPULSORY CONTRIBUTIONS.

5. US OBVIOUSLY WAS OBJECT OF MUCH ATTENTION ON THIS SUBJECT BUT WE HAVE REFRAINED THUS FAR FROM FLOOR STATEMENT THOUGH MAKING KNOWN TO CONSUMERS PRIVATELY OUR OPPOSITION COMPULSORY FINANCING. IN THIS CONTEXT, SUGGEST DEPARTMENT OBTAIN TEXT MAY 16 LETTER FROM KNAPP OF IBRD TO ITC EXEC SEC ALLEN WHICH WAS READ TO CONFERENCE. LETTER REPEATEDLY EXPRESSES TO ITC IF GUARANTEED BY ALL MEMBERS, AND EXPRESSES HOPE ALL RPT ALL ITC MEMBERS WILL PARTICIPATE IN BUFFER STOCK FINANCING. (DEPARTMENT'S EVALUATION AND IMPLICATIONS IF ANY RE US POLICY POSITION FOR CURRENT NEGOTIATIONS WOULD BE APPRECIATED.)

6. RAPIDITY OF REVIEW OF ARTICLES OF DRAFT AGREEMENT DISCONCERTING TO MANY CONSUMER DELEGATIONS WHO ATTRIBUTE THIS TO INEXPERIENCED CHAIRMAN-PARTICULARLY IN ECONOMIC COMMITTEE, BUT CONSUMER CAUCUS MAY 28 SHOULD GIVE U.S. CLEARER INDICATION CONSUMER SENTIMENT AND GUIDE STRATEGY AROUND KEY SUBSTANTIVE ISSUES IN BUFFER STOCK.

7. NO CONSUMER CAUCUS WAS CONVENED PRIOR MAY 23. ITC MEETING ON ADNAN/BUENO SUSPENSION CASE IN ORDER NOT TO GIVE IMPRESSION CONSUMERS WERE DEVELOPING JOINT POSITION ON CASE (AS PRODUCERS HAD APPARENTLY DONE). THIS IN TURN HANDICAPPED THE EFFORT FOR A CONSUMER UNCLASSIFIED

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CANVAS ON SUBSTANTIVE ISSUES BEFORE THE CONFERENCE COMMITTEE DISCUSSION ENSUED.

8. SUSPENSION OF BUFFER STOCK MANAGER AND HIS MANAGER (SEE SEPARATE TELEGRAM) CONTINUES PROVIDE UNDERCURRENT TENSION TO CONFERENCE PROCEEDINGS. CASE UNFORTUNATELY HAS RESULTED IN NORTH/SOUTH POLARIZATION. DALE

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